

Message Text

CONFIDENTIAL

PAGE 01 JAKARTA 11451 170408Z

12

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 SS-15 SP-02 L-03 INR-07 PM-04

OES-03 /051 W

----- 129728

R 170140Z SEP 75

FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 0306

CONFIDENTIAL JAKARTA 11451

STADIS//////////

FOR ASSISTANT SECRETARY HABIB

EO 11652: GDS

TAGS: ENRG ID

SUBJECT: OIL PRICES AND AID TO INDONESIA

REFS: A. STATE 217382; B. JAKARTA 11366; C. JAKARTA 11444

1. REFERENCES B AND C GIVE SUBSTANCE OF INDONESIAN
RESPONSES TO DEMARCHE ON OIL PRICES REQUESTED IN REF A.
AS YOU WILL NOTE, WE RECEIVED LITTLE ENCOURAGEMENT THAT
INDONESIAN WILL OPPOSE AN OPEC OIL PRICE INCREASE.

2. WE HAVE HAD CLEARLY IN MIND, IN MAKING THESE DEMARCHE,
POSSIBLE IMPACT OF ANY OPEC PRICE INCREASE ON CONGRESSIONAL
ATTITUDES TOWARD AID AND TRADE CONCESSIONS WITH INDONESIA.
WE HAVE MADE OUR CONCERN KNOWN TO INDONESIANS, BEING
CAREFUL TO ASSURE THEM THAT THIS IS STATEMENT OF FACT
AND NOT DIPLOMATIC PRESSURE.

3. THERE IS, NEVERTHELESS, LIKELIHOOD OF OPEC PRICE
INCREASE. WE APPRECIATE THAT REACTION COULD BE STRONG
IN WASHINGTON AND
COULD PLACE IN JEOPARDY WHAT WE ARE TRYING TO DO WITH
INDONESIA. WE CLEARLY UNDERSTAND COUNTER ARGUMENTS
WILL BE DIFFICULT IN FACE OF FEELINGS AT HOME BUT SUG-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKARTA 11451 170408Z

GEST THAT THERE ARE VALID COUNTER ARGUMENTS WHICH MAY

BE USEFUL TO YOU IN MEETING THIS ANTICIPATED PROBLEM.

4. WE UNDERSTAND ALSO THAT PROBLEM IS COMPLICATED BY MAGNITUDE OF INDONESIAN RETURNS FROM OIL EVEN THOUGH INDONESIA IS RELATIVELY SMALL PRODUCER.

5. IN RESPONSE WE WOULD CITE FIRST OF ALL BASIC ARGUMENTS OF INDONESIA'S SIZE, IMPORTANCE IN SOUTHEAST ASIA, AND ITS SERIOUS UNDERDEVELOPMENT. IN ADDITION, INDONESIA HAS BEEN FINANCIALLY RESPONSIBLE AND OUR BILATERAL AND MULTILATERAL (IBRD, ADB, UNDP, ETC.) CONCESSIONAL HELP ASSISTS IN KEEPING DEBT POSITION MANAGEABLE AND PREVENTING INFLATION AND OTHER DESTABILIZING ECONOMIC FACTORS OF OTHER YEARS.

6. SPECIFICALLY IN ENERGY CATEGORY, INDONESIA DID NOT PARTICIPATE IN OIL EMBARGO, RAISED PRICES MORE SLOWLY THAN OTHERS, AND EVEN TODAY HAS LOWEST PER BARREL TAKE OF ANY OPEC MEMBER. NO POLITICAL LEADERSHIP IN COUNTRY SUCH AS INDONESIA COULD BE MUCH MORE RESTRAINED IN EXPLOITATION DEMAND FOR ITS MAJOR NATURAL RESOURCE GIVEN WORLDWIDE PRICE LEVELS.

7. INDONESIA IS BECOMING INCREASINGLY IMPORTANT SUPPLIER TO U.S. WEST COAST POWER COMPANIES, TO WHOM STABILITY OF INDONESIAN SUPPLY IS IMPORTANT.

8. FINALLY, THERE IS EVERY INDICATION THAT WHATEVER OPEC DOES, ANY INDONESIAN INCREASE WILL BE MARKEDLY LESS THAN OPEC INCREASE. WE WOULD HOPE, THEREFORE, THAT AT MINIMUM WE COULD MEET PRESSURES ON INDONESIAN PROGRAMS BY URGING THAT DETERMINATION BE DELAYED AT LEAST UNTIL INDONESIA HAS TAKEN ITS OWN ACTION AND WE HAVE HAD OPPORTUNITY TO EVALUATE THAT ACTION.

9. WE ARE NOT LIKELY TO INFLUENCE INDONESIAN POLICIES ON OIL PRICES BY MANIPULATING OUR TRADE AND AID POLICIES. LINKAGE OF SUCH POLICIES TO OPEC ACTION COULD ONLY DAMAGE OUR INTERESTS HERE OUT OF ANY PROPORTION TO WHATEVER ADVANTAGES SUCH ACTION MIGHT HAVE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 11451 170408Z

NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JAKART11451
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750321-0622
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750944/aaaabmyx.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 75 STATE 217382, 75 JAKARTA 11366, 75 JAKARTA 11444
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2003 by BoyleJA>; APPROVED <18 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL PRICES AND AID TO INDONESIA
TAGS: ENRG, ID, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006